

SECOND AMENDMENT TO FRANCHISE AGREEMENT BETWEEN THE  
COUNTY OF MENDOCINO AND SOLID WASTES OF WILLITS, INC. FOR SOLID  
WASTE REFUSE COLLECTION AREA NO. FOUR(4)

This second amendment to the Franchise Agreement Between the County of Mendocino and Solid Wastes of Willits, Inc. for Solid Waste Refuse Collection Area No. Four (BOS Agreement #10-141) is made this 22<sup>ND</sup> day of JANUARY, 2013 at Ukiah, California between Solid Wastes of Willits, Inc. (hereinafter "GRANTEE") and the County of Mendocino (hereinafter, "COUNTY").

WHEREAS, COUNTY and GRANTEE entered into an Agreement for the collection, transportation and disposal of solid waste in Solid Waste Refuse Collection Area No. Four and said agreement was approved by the Board of Supervisors on August 17, 2010; and

WHEREAS, said Agreement provides in Section 21(I) that any modification of the provisions must be made in writing and signed by a duly authorized representative of each party; and

WHEREAS, COUNTY and GRANTEE wish to amend the fuel cost adjustment mechanism to provide a more accurate method to adjust collection rates to reflect changes in GRANTEE'S fuel cost;

NOW, THEREFORE, it is agreed that the Agreement shall be amended as follows:

Section 15, Subsection B is amended to read as follows:

**Cost-of-Living & Fuel Rate Adjustments**

Two to four months prior to the end of a Rate Period, or by October 1, 2010 for the first Rate Period, Grantee may apply for cost-of-living (COLA) and a fuel rate adjustment to become effective on January 1, 2011, and annually thereafter. The rate adjustments shall be based on: 1) 90% of the change in the value of the most recently published All Urban Consumers Index (CPI-U), all items, for the San Francisco-Oakland-San Jose, CA, Base Period 1982 – 1984 = 100, not seasonally adjusted, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics or its successor and its value twelve months before, and 2) 100% of the change in the average monthly value over the last 12 months, compared to the average monthly value for the preceding 12 month period, of the most recently published California index for #2 diesel fuel, compiled and published by the U.S. Energy Information Administration or its successor. Grantee shall notify the County of the

adjustments to take place and shall provide the County with its computations and documentation therefore.

For calculation of adjustments, the rates would be divided into three components – Fuel, Pass-through and All Other. The Fuel Component would equal 8.9% of the first year rate. The Pass-through Component would equal 16.3%. The All Other Component would equal 74.8% of the rate. When the first adjustment to rates occurs, it will be done in the following manner:

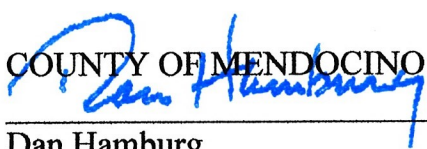
Fuel Component: Existing Billed Rate x 8.9% x Diesel Fuel Index

Pass-through Component: None, since pass-through increases, if any, will be made pursuant to Section 15(A) above.

All Other Component: Existing Billed Rate x 74.8% x CPI Index

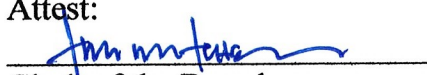
The sum of the above equals the New Rate. Following completion of each annual financial statement by Grantee, the adjustment factors will be reviewed to correspond to the percentage of fuel, disposal cost and other expenses out of total operating expenses.

COUNTY OF MENDOCINO

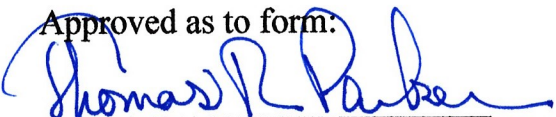
  
Dan Hamburg  
Chair, Board of Supervisors

JAN 22 2013

Attest:

  
Clerk of the Board

Approved as to form:

  
Thomas Parker, County Counsel

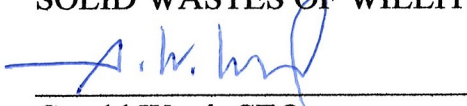
I hereby certify that according to the provisions of Government Code sections 25103, delivery of this document has been made.

CARMEL J ANGELO  
Clerk of the Board

By:

  
Deputy


SOLID WASTES OF WILLITS, INC.

  
Gerald Ward, CEO  
Solid Wastes of Willits, Inc.  
P.O. Box 1425  
Willits, CA 95490

Approved as to Insurance  
Requirements:

  
Risk Manager

Approval recommended:

  
Michael E. Sweeney  
Solid Waste Director